

2 FEB 1983

MEMORANDUM FOR: Deputy Director of Security/PTAS
Chief, Security Staff, OD&E
Chief, Security Staff, OL

25X1 FROM:

[REDACTED]
Chief, Policy Branch
Policy and Plans Group
Office of Security

SUBJECT: Interagency Group/Countermeasures - IG/CM -
Industrial Security Initiative - Working Group
Report (U)

1. Forwarded herewith for your review and comment is a summary of the 13 December 1982 meeting of the Interagency Group/Countermeasures Working Group on Industrial Security. Your particular attention is invited to the last paragraph of the summary, which includes proposed language which might be added to Executive Order 12356, National Security Information. (U)

2. In our opinion, the language is relatively innocuous, and could be added to the Executive Order without affecting Agency equities. The Director of Security has been asked to provide Agency comments at the next meeting of the IG/CM, now scheduled for 18 February 1983. (U)

25X1 3. Your comments should be forwarded to the undersigned at Room 4E-70, Headquarters. If you have questions, please contact the writer on [REDACTED] (U)

Attachment

25X1 [REDACTED] 25X1
[REDACTED]
OS 3 0314

CONFIDENTIAL

Interagency Group/Countermeasures (IG/GM) Initiative
Industrial Security

SUMMARY OF MEETING

December 13, 1982

by

Members of the Working Group

Under the general chairmanship of the Director, Security Plans and Programs, a Working Group convened December 13, 1982 to review existing industrial security programs.

Representatives from NSA, Army, Navy, Air Force, DIA, DIS, DOE and NRC participated as members of the working group. CIA representatives were unable to attend but have since been involved in the review.

The group discussed and assessed the industrial security programs of DoD, DOE and NRC. [REDACTED]

25X1

25X1

It was generally agreed that the Defense Industrial Security Program (DISP) which is also used by 18 other federal agencies and departments, is by far the most extensive having close to 12,000 cleared contractors with approximately 1.4 million cleared personnel. The programs of DOE and NRC are considerably less, however. Both of these programs fluctuate in numbers and contractor clearances only exist for the duration of the contract interest. DOE currently lists some 600 cleared contractors and NRC only 10-12 cleared contractors. As a result, the methods and procedures used are not as formal as those used in the DISP.

In contrasting, these programs, the DISP places emphasis on the management and control of the facility as a legal entity before arriving at a determination of eligibility from a security viewpoint for access to classified information. This determination includes an exhaustive examination to determine evidence of foreign ownership, control, or influence (FOCI) in the facility. As a general rule, a facility is not eligible for a facility security clearance if determined to be under FOCI. The standard which is applied in making this determination is that a facility will be considered to be under FOCI when the degree of ownership, control or influence from a foreign source is such that a reasonable basis exists for concluding that compromise of classified information may result.

The DOE and NRC programs are more oriented to the specific needs of the contract and are primarily concerned with the personnel specifically involved with the contract performance who will require security clearances for access purposes. Little if any attention is focused on the management of the facility, as such. Ownership of the facility has not been a consideration. However, DOE has recently formulated policy with respect to FOCI which has characteristics similar to the DISP.

Although, all three programs differ, it was recognized that the degree and extent of involvement with industry, likewise differed. The DOE and NRC programs seem to have been developed and formulated to satisfy the limited duration of procurement needs. The DISP program however, because of greater involvement with industry, and broad application by the other non-DOD agencies of government, is not so limited. Once an industrial firm is determined eligible for a security clearance for access to classified information, such eligibility under the DISP remains in effect, subject to review for circumstances that may occur which could alter the determination and cause invalidation, termination or revocation of the clearance.

Based on an overall review of the three programs, the area considered most significant to the working group, was FOCI. Some concern was also expressed by DOE with respect to internal threat assessments and security awareness measures. This concern will probably be referred by DOE to their representative on the Security Awareness Subcommittee of the Security Committee.

Accordingly, it was the consensus of the working group that because of the continuing increase of foreign capital available for investment in US industry and the concerns which were expressed to assure that such foreign investment is never to the degree which could permit classified information to be compromised, the cooperation of many agencies of government is necessary for support purposes.

Therefore, by unanimous decision it is recommended, that FOCI as a policy, be elevated for appropriate attention at the National Level. It is believed this could be best accomplished through amendment to Executive Order 12356, National Security Information, as follows:

"National Security Information, as a general rule, shall not be made available to US industry when the degree of ownership, control or influence from a foreign source is such that a reasonable basis exists for concluding that compromise of the information may result. To assist in making this evaluation, all agencies and departments of Government shall provide, upon request, whatever information is available which could apply, to the requesting agency or department. Moreover, a general exchange of foreign investment information is to be encouraged among agencies and departments for mutual assistance in the best interests of National Security."

CONFIDENTIAL**ROUTING AND RECORD SHEET***FILE*

SUBJECT: (Optional) Interagency Group/Countermeasures - IG/CM -
Industrial Security Initiative - Working Group
Report (U)

FROM:

Policy and Plans Group
 Office of Security

4E-70 Hqs.

EXTENSION

NO.

DATE

2 FEB 1983

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Deputy Director of
 Security/PTAS/ISB

202

2.

3.

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

WARNING NOTICE
 INTELLIGENCE SOURCES
 OR METHODS INVOLVED

14.

15.

25X1

25X1

CONFIDENTIAL